



ADDIS ABABA

COUNCIL OF MINISTERS  
Seventeenth Ordinary Session  
Addis Ababa, June 1971

CM/396

REPORT ON THE ECA/OAU CONFERENCE OF MINISTERS  
OF INDUSTRY

Held in Addis Ababa, from 3 to 8 May 1971



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1. In accordance with the established tradition of co-operation between the OAU and the ECA and following the spirit of the OAU Council of Ministers Resolution CM/Res.191(XIII) on institutionalizing relations between OAU and ECA, the OAU Secretariat participated fully in calling, together with the ECA Secretariat a Conference of African Ministers of Industry to discuss the general questions relating to African Industrialization, the strategy of African industrialization in the seventies and the Special UNIDO Conference which will take place in June 1971.
2. In doing so the OAU is fulfilling a part of its functions in relation to industrialization and its relations with UNIDO as spelled out in Resolution CM/Res.188(XIII) and CM/Res.221(XV) as well as the responsibilities of the OAU in the economic field elaborated in the memorandum annexed to Resolution CM/Res.219 (XV).
3. The Conference of the Ministers of Industry was sponsored jointly by the OAU and the ECA. All OAU Member States were invited and 28 countries participated in the meeting. Among the observers were the representatives of ADB, OCAM and East African Community.
4. The meeting discussed Africa's industrialization problems and achievements in the last decade, the strategy for the seventies, mobilization of domestic and external resources, technical assistance needs for the 1970s and the Special Conference of UNIDO. The report of the Conference is annexed to this report.
5. The Conference provided a useful forum for the exchange of view and experience between the different African countries. The participants stressed the need for African countries to industrialize. They were convinced that to achieve rapid economic development, African countries should take up industrialization. Many participants drew the attention to the vast potential of using natural resources and in particular mineral resources for the purpose of and as a basis for industrialization laying special emphasis on the further processing of African minerals.

6. The need to develop regional and sub-regional industries to minimize excess capacity and duplication was also highlighted together with the need to consolidate African markets and the consolidation of research facilities in the field of industrialization and market research.

7. Training and the development of cadres was also a major pre-occupation of the participants. Many delegates stressed the fact that the training of African entrepreneurs and managers did not receive the necessary attention from African governments and international organizations.

8. Self-reliance featured very clearly in the discussion. Many constructive and new suggestions were presented through the exchange of experience. The need to exchange African cadres and experts was affirmed. The establishment and grouping together of national experts in consultancy firms within research institutions such as universities was given considerable thought during the Conference. A proposal for an African consultancy organization in the field of industry was also made.

9. In relation to the UNIDO's forthcoming conference the participants recognized the need to strengthen UNIDO to enable it to tackle adequately the problems of industrialization in developing countries and particularly in Africa which is the least developed in this field. The International community was called upon to provide more voluntary assistance to UNIDO and UNDP was urged to increase the percentage of its resources allocated to UNIDO for technical assistance in industry which amount to only 6% at the present time.

10. At the end of its deliberations the Conference adopted the Addis Ababa Declaration on Industrial Development in Africa in the 1970s which include a programme of action in the fields of basic industries, domestic finance for industrial development, installation and running costs, foreign private investment, industrialization and employment and self-reliance. The meeting also adopted a resolution on the Special International Conference of UNIDO.

11. The attention of the Council is drawn to the declaration and the resolution annexed to the report of the Conference.

12. The Council may wish to study the declaration and consequently approve it and give it the necessary political support and continental acceptance.

REPORT OF THE ECA/OAU CONFERENCE OF MINISTERS OF INDUSTRY  
(Addis Ababa, 3-7 May 1971)

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## ORGANIZATION OF THE MEETING

### Opening and duration of the meeting

1. The ECA/OAU Conference of Ministers of Industry met in Addis Ababa, Ethiopia, from 3 to 7 May 1971.

2. The conference was opened by His Imperial Majesty Haile Selassie I. The Emperor's address underlined the need for African States to work out a common policy and strategy for industrial development for the Second United Nations Development Decade. The Emperor recognized that the greatest part of the effort to develop industrially would necessarily fall on the developing countries themselves, but thought it essential that the developed countries, on their part, should provide the resources required by the goals and objectives of the Second Development Decade. The Emperor impressed upon the meeting the need to create and nurture industrial growth at both national and multinational levels, and pointed out that the fair accommodation of mutual interests between states could be established on the basis of appropriate policies and the required degree of political will.

3. The vote of thanks to the Emperor, proposed by the representative of Nigeria and seconded by the representative of Togo, was carried by acclamation.

4. Mr. R.K.A. Gardiner, the Executive Secretary of ECA, placed before the meeting the tasks set for African countries in the Africa's Strategy for Development in the 1970s (adopted at the Tenth session of the Commission in Tunis in February 1971), and noted some of the limitations of the current African industrial situation. He referred to the slowness and smallness of the flow of overseas investment capital into Africa, and urged the strengthening of the machinery to identify, elaborate and evaluate viable industrial projects. He called for adjustments, amendments and substantial improvements of policies in many areas including manpower planning and education, the evolution of innovative technologies, the provision of infra-structural facilities, and the strengthening of institutional frameworks. Mr. Gardiner asked African countries to shed unwarranted anxieties about national interest every time proposals for economic co-operation were mooted.

5. In his statement to the inaugural session of the conference, Mr. Diallo Telli, Administrative Secretary-General of OAU said that the meeting gave effect to the principles and approaches laid down by the Heads of State at the September 1970 session of OAU. The co-sponsorship of the conference by the secretariats of ECA and OAU was in accord with the established objective of developing the spirit and dynamism of "African Groups" in major international meetings. The Administrative Secretary-General emphasized the role of an industrial effort which was truly co-operative between countries and which rose above the considerations imposed by micro-nationalism and the needs of micro-markets. Mr. Telli focussed on the need for unity, co-operation and solidarity between the member States of OAU and suggested that the meeting should produce an African Industrialization Charter.

#### Attendance

6. The conference was attended by delegations from the following countries: Algeria, Botswana, Burundi, Cameroon, Democratic Republic of the Congo, Ethiopia, Gabon, Ghana, Ivory Coast, Kenya, Liberia, Libya, Morocco, Niger, Nigeria, People's Republic of the Congo, Rwanda, Senegal, Sierra Leone, Somalia, Sudan, Swaziland, Togo, Tunisia, Uganda, the United Arab Republic, the United Republic of Tanzania and Zambia. Observers from the United Nations Industrial Development Organization (UNIDO), United Nations Development Programme (UNDP), Food and Agriculture Organization (FAO), African Development Bank (ADB), African Institute for Economic Development and Planning (IDEP), the East African Community (EAC), and the Afro-Malagasy Common Organization (OCAM) were also present.

#### Election of officers

7. H.E. Mr. Yilma Deressa, Minister of Commerce, Industry and Tourism of Ethiopia, was unanimously elected Chairman. The conference elected Mr. Ahmed Suliman, Minister of Industry of Sudan, as First Vice-Chairman and M. Itsouhou of the People's Republic of the Congo, as Second Vice-Chairman, respectively. M. Jules Hadzi of Togo was elected Rapporteur for the meeting.

Agenda

8. The agenda (E/CN.14/INR/191/Corr.1/Rev.1), was adopted. It was agreed that, if necessary, supplementary night sessions would be organized to cover fully all items of the agenda, which are stated below:

1. Opening session
2. Election of officers
3. Adoption of agenda
4. Organization of work
5. Industrial growth trends in the 1960s
6. Industrialization policies for the 1970s
  - (a) domestic
  - (b) Multinational
  - (c) International or consequential policies
7. Financial needs for the 1970s
  - (a) Mobilization of domestic resources
  - (b) Mobilization of external resources
8. Technical assistance needs for the 1970s
9. The Special Conference of UNIDO
10. Adoption of report.

ACCOUNT OF THE MEETING

Industrial growth trends during the 1960s

9. A representative of the ECA secretariat introduced the following documents:

- (i) African's industrialization in the 1960s: Major issues  
(CMI/INR/SP/1, OAU/CMI/W/1);
- (ii) Industrial growth in developing Africa from 1950 to 1968 and prospects for 1980 (CMI/INR/WP/1, OAU/CMI/1; and
- (iii) Major industrial projects in developing Africa (1967-1969)  
(E/CN.14/INR/189).

10. The analysis of the patterns of growth and the statement of outstanding issues facing African countries at the end of a decade of significant efforts at industrialization provided in the documents evoked a wide-ranging discussion during which the following points were made:



- (a) A certain amount of industrialization, with negligible genuine contribution to value added, had occurred in several countries;
- (b) The generous incentives provided to foreign investors might have been helpful in attracting overseas investment, but their true costs to African economies needed specific evaluation;
- (c) The industrial effort of the 1960s, often concentrated in a few foreign-dominated urban enclaves, had had a very limited impact on the economy as a whole;
- (d) The pace of industrialization had speeded up in several countries during the second half of the 1960s;
- (e) The additional costs of the provision of specific infrastructure facilities required by industrial investors and plants often added to the overall cost of setting up plants in developing Africa;
- (f) There was demonstrable extravagant waste by some senior members of the industrial bureaucracy;
- (g) Heavy dependence on expatriates - caused by lack of relevant industrial skills and hence unavoidable - was a costly, and sometimes ineffective phenomenon;
- (h) Industrial growth in many countries was constrained by shortage of foreign exchange.
- (i) The need for an accelerated industrial effort in the 1970s was accepted but some disappointment was expressed with the smallness of the ECA estimate that the manufacturing sector would account for 18-20 per cent of the GDP in 1980 in developing Africa;
- (j) The constraint placed on industrial growth by the smallness of most single-country markets was frequently referred to. In the absence of adequate economic co-operation, similar, uncomplementary patterns of production sharply limited the possibilities of intra-African trade and produced burdensome excess industrial capacities. The limitation of national markets was accentuated by the political ties inherited from a colonial past and the very limited role (as producers and consumers) played by the population in the subsistence sector of the economies of developing Africa. Some emphasis was placed on the need to turn the whole of Africa into a single integrated market at an early stage;

- (k) Serious unemployment justified attempts to provide more direct employment in manufacturing industry than had been provided in the recent past. A conscious attempt to increase the labour-intensity of some industrial sectors or segments of a particular sector might prove helpful. Research must be made to study the possibility of having labour intensive industry with efficiency equivalent to that of capital-intensive industries, wherever applicable;
- (l) The secretariat was asked to prepare and present a document indicating the position of developing Africa relative to the rest of the world in terms of various industrial criteria. The secretariat promised to do this later;
- (m) The secretariat was asked to devote particular attention to the special problems in the industrialization of small countries in general, and land-locked countries in difficult political areas in particular. The conference took note of the support willingly afforded to the land-locked countries just mentioned by several neighbouring developing countries;
- (n) Worker participation in management had made an immense contribution in one member State in generating enthusiasm among workers, in raising productivity levels and in achieving lower rates of wastage and rejection. It was recognized that worker participation in management was capable of wider adoption and had a worthwhile contribution to make to increasing the efficiency of African industrialization;
- (o) The conference took note of the activities of the African Development Bank and of the importance of co-operation between OAU, ECA, UNIDO and ADB, among others, in the cause of rapid and effective industrial development;
- (p) The ECA documentation for the meeting, it was felt, should have placed emphasis on mining activities, mineral processing, the creation of mineral-based industries and on the setting up of an African institute dealing with mining; and
- (q) The conference appreciated the papers on individual country policies, achievements and problems presented by the UAR and Sudan.

Industrialization policies for the 1970s

11. Introducing the above agenda item, a representative of the secretariat informed delegates that the relevant working papers submitted were:

- (i) Courses of Action for the Promotion and Development of African Enterprises (CMI/INR/WP/2, OAU/CMI/2);
- (ii) Multinational Co-operation for Industrial Development (CMI/INR/WP/3, OAU/CMI/3);
- (iii) Growth Assessment of Industrial Sectors (CMI/INR/WP/4, OAU/CMI/4); and
- (iv) Employment, Technology, Growth and Industrialization in African Economies (CMI/INR/WP/7, OAU/CMI/7).

In addition, the document entitled "Africa's Strategy for Development in the 1970s" adopted by the Tenth session of the ECA was submitted as background information. The representative of the secretariat focussed attention on the issue paper CMI/INR/SP/2, OAU/CMI/W/2: "Industrial Policies: Critical Areas of Action for Accelerated Industrial Development in the 1970s", which dealt with the key policy issues in the speeding up of industrialization in the 1970s.

12. It was hardly possible to generalize on policy measures, since by definition, they needed a country focus and a specific problem orientation. However, there were common African problems which could be treated within a broader framework.

13. The experience of industrialization in Africa in the 1960s would seem to indicate:

- (a) That industrialization had not reduced the external dependence of African economies in spite of a major thrust at import-substitution; and
- (b) That the benefits derived from the industrialization efforts were limited because industry tended to be an enclave within the traditional sector.

14. Tariff policies, foreigner-oriented incentive measures, shortage in management and technical skills, lack of African entrepreneurial capability and the small size of national markets have been cited as responsible for some of the shortfalls in the declared objectives of industrialization. Coherent policies would need to be formulated and pursued at the national, multinational and international levels to achieve the following objectives during the 1970s:

- (a) Diversification and expansion of the industrial base;
- (b) Promotion of co-operation for implementing multinational industrial projects;
- (c) Maximization of the benefits of industrialization;
- (d) Integration of the national economy; and
- (e) Increase in the net flow of external assistance for industrial development.

15. The representative of the secretariat pointed out that as regards national industrial policies proper the areas of action which deserved special attention were:

- (a) Rural industrialization and more generally the expansion of non-agricultural output and employment;
- (b) The promotion and development of a dynamic African entrepreneurial base organized either in the private or the public sector or some combination of the two;
- (c) The rapid development of technology;
- (d) Careful allocation of investments and more specifically the need to pay special attention to the process of project identification, formulation, evaluation and selection; and
- (e) The promotion and development of African capability in the export of manufactures to take advantage of possibilities in the immediate future as well as to develop competitive advantage in the long-run.

16. With regard to multinational industrial policies, the main problems appeared to be:

- (a) The need to formulate and agree on criteria for evaluating and sharing the benefits and costs of individual multinational industrial projects or of packages of multinational industrial projects;

- (b) The absence of active institutional promoters of multinational industrial projects; and
- (c) The lack of resources required for preinvestment activities.

African intergovernmental organizations in co-operation with ECA and OAU could plan an active role and bilateral and multilateral sources could possibly contribute to overcome the particular resources bottleneck, in this context.

17. National and multinational industrial policies are expressions of the deeply felt needs of African countries. Consequently, technical and financial assistance could serve the best interests of African countries if the response matched those needs. Furthermore, that meant the provision of additional assistance to African countries to meet their special needs and in order to redress existing inequalities and imbalances. Concerted action by African countries could play a decisive role in influencing global aid policies and in assuring that African countries derived equitable benefits from international trade and official capital flows.

18. In the discussion that followed, delegations focussed attention on the policies and actions that would need to be taken by them, singly or collectively, to speed up industrialization in the 1970s. It was recognized, however, that there was no simple formula which could be put forward as a universal solution. In fact, there was danger in attempting to oversimplify the complex process of industrialization. Strategies, approaches and methods should be the result of a careful examination of resources. These should be guided by the over-riding principle of safeguarding the best interests of African countries. The availability of rich mineral resources, it was felt, could constitute a basis for immediate action in the sense of creating domestic processing facilities as well as establishing user industries. Policies should give consideration to the possibility of domestic production of intermediate and capital goods industries so that the external dependence of African countries could be reduced in the shortest possible time.

19. Delegates devoted considerable attention to the means by which the process of integration of African economies could be speeded-up at the national and multinational levels. As far as national integration was

concerned some delegates stressed that a dynamic programme of rural industrialization should constitute an important policy objective. Further, there was need to support it by a programme of infrastructural development that would facilitate rural-urban links and also make possible a less costly dispersion of industry into the rural areas. Small-scale and cottage industries in their various manifestations could be made to play an effective role. It was, however, stressed that such industries should be based on innovative technology so as to ensure that such activities do not lapse into a state of technological inertia and thus eventually restrict the prospects of dynamic rural growth.

20. Several delegations stressed the importance of multinational co-operation as the major policy instrument for speeding up the overall process of industrialization. The possibilities for deriving benefits from multinational co-operation were larger, although it was noted that there were difficult problems yet to be overcome. Some delegates observed that the major problem hindering progress in multinational co-operation was inadequate political will and commitment on the part of African countries. In spite of praiseworthy efforts and public expressions of the required will over the last decade, it had not been possible to make a significant break-through in multinational co-operation. It was also felt that multinational co-operation should not be seen only in terms of co-operation in trade and the mutual lowering of tariff barriers but should extend to the carrying out of multinational industrial projects. There was need for national industrial policies to explicitly incorporate actions for promoting multinational co-operation as a major objective.

21. Delegates further observed that multinational industrial co-operation should be seen within a broader economic framework. Co-operation between African countries should be encouraged in the exchange of information and technological know-how. There was no reason why African countries should always look beyond the continent for expertise even when there was a surplus of certain categories of expertise elsewhere within the continent. With regard to the market constraint on industrialization, several delegates pointed out that a problem quite as important as the smallness of individual national markets was the fact that these were often captive markets of the advanced countries for historical, political and other reasons. It was stressed that there was need for deliberate policies to protect African

interests and to promote industrialization based on policies that in effect reserve African markets for African industries. Delegates were informed that one country was now constituting a purchase policy that gave priority first to the country, second to its partner-states, third to the rest of Africa and fourth to developing countries in other regions only on the exhaustion of which it proceeded to purchase from advanced countries.

22. Several delegates stressed the importance of self-reliance. It was emphasized that the spirit of self-reliance was the means by which African countries could create the genuine basis for development. The time was now opportune to re-examine external ties and to formulate and institute policies that would ensure that external assistance would not distort African priorities. Some delegates pointed out the need for pursuing inward-looking policies and policies aimed at making the public sector the major means for accelerating industrialization and retaining to countries the full benefits of that effort. There was also need to aim for ownership of industries that were of key developmental interest and also industries that otherwise tended to operate as urban enclaves. On the other hand, it was noted that outward-looking policies should also be given emphasis considering that that approach had benefited other countries in the past and was still doing so.

23. It was noted that African countries would need to use protection policies as an instrument for stimulating industrial development and for protecting their industries against dumping practices on the part of advanced countries. It was further pointed out that efficiency criteria alone could not constitute the basis for selecting and implementing industrial projects. Inasmuch as other countries had historically pursued protection policies to develop their industrial base, so did Africa have the need for reliance on ample protection to its infant industries. Other delegations felt it was necessary to have a specific time horizon as far as the period of protection to a specific industry was concerned. Otherwise there was danger that the infant industry might not be stimulated to attain effective operation.

24. In discussing policies for technological development, delegates referred in particular to document No. CMI/INR/WP/7, OAU/CMI/7, prepared by consultant. Some delegates observed that labour-intensive techniques should be promoted in order to better cope with the unemployment problem. In their view, that constituted a rational policy choice considering the abundance of labour in relation to capital in developing Africa. Basic research should be fostered in order to develop technology that was more appropriate to African conditions, in this view. African countries could also explore possibilities for advancing technological capability first by copying existing technology, rather than attempting to develop an intermediate technology for the production of capital goods.

25. Several delegations challenged the view that the manufacturing sector could make significant contributions to the easing of the unemployment problem. It was felt that the concept of unemployment in the dual economy which characterizes Africa was difficult to interpret and possibly of less relevance than in the advanced countries which did not have a large subsistence sector to fall back upon. Delegates cautioned that it would be wrong to be doctrinaire in the matter of choice of techniques and called for a more balanced and practical approach to the problem. One possible way which has proved productive was to pursue innovation in the area of small-scale and cottage industries. Moreover, it was generally agreed that the wholesale application of intermediate or "appropriate" technology in modern industries such as steel mills and chemicals and fertilizers was not being suggested. In those cases African countries needs must choose the most modern technology if their industries were to have a chance of being competitive in the long-run. It was also stressed that the most effective way to acquire technology was by developing national supplies of the required skills.

26. The consultant, in reply, pointed out that the need for appropriate technology arose from the fact that machinery supplies were developed and designed in the industrialized countries where the resources configuration was totally different from that of African countries. If the objectives of research could be more specifically localized, then it should be possible to develop low-cost, competitive technology suitable to Africa. It was



not possible to rely on rural industrialization to ease the urban unemployment problem; for that was so huge a problem that when everything possible had been done to develop rural areas, there would still be an unsolved urban unemployment problem as a more than relevant item in policy making. The underlying logic behind the last assertion was that the constituents of the labour force fifteen years hence were already born. In the short-run the stress should be directed to public works programmes, although that was not a sufficient solution in itself, in the view of the consultant.

Financial needs for the 1970s (Mobilization of domestic and external resources)

27. The following documents were introduced:

(a) Background papers

- i) Aid to Africa (E/CN.14/WP.1/30, OAU/TRAD/29);
- ii) Note on external resources for development (E/CN.14/INR/105);
- iii) Investment climate in Africa (E/CN.14/INR/184);
- iv) Foreign investor's view of the investment climate in Africa (E/CN.14/INR/188); and
- v) The multinational corporation in Africa (E/CN.14/INR/186).

b) Working papers

- vi) The role of private foreign investment in African Industrial development (CMI/INR/WP/6, OAU/CMI/6); and
- vii) "Mobilization of resources for industrial development" (CMI/INR/WP/5, OAU/CMI/5).

c) Issue papers

- viii) "Financial resource needs: issues and approaches" (CMI/INR/SP/3, OAU/CMI/W/3).

28. The representative of the secretariat also used information from other studies prepared and used in preparation of these documents. It is hoped to make these studies available at an early date to member States. These studies are:

- (a) Mobilization of domestic resources (E/CN.14/INR/187), a detailed study based on a sample of 16 Eastern and Central African countries which analyses the problem both in static and dynamic contexts; and
- (b) Some features of development in Africa (E/CN.14/INR/183), an appraisal and analysis of the socio-economic growth and development performance of developing Africa during the past two decades conducted on a highly aggregative level within the plural socio-economic framework.

The representative of the secretariat pointed out that although the overall GDP growth rate did not meet the targets of the First Development Decade (4 instead of 5 per cent per annum) and was lower than in the 1950s (when 4.8 per cent had been achieved), African economies had experienced important structural changes which are reflected in the structure of direct and indirect contribution by the main producing sectors to the total GDP increment, which was as follows during the two past decades.

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Share of each major sector in the  
increment in GDP during

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1950 - 1960                      1960-1967

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|               |     |     |
|---------------|-----|-----|
| Agriculture   | 63% | 18% |
| Mining        | 8%  | 40% |
| Manufacturing | 29% | 42% |

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29. Agriculture, which in the 1950s, particularly during the early 1950s - the period of "Korean boom", was regarded as the growth promoting sector has faced serious development constraints in the late 1950s and in the 1960s, on the side of effective demand in both quantitative and qualitative terms, the latter being associated with rapid urbanization and the changing patterns of effective demand, mainly for food but also for industrial inputs.

30. If development in Africa is measured in terms of the declining relative size of the population living in the subsistence sector - then no significant development has occurred in developing Africa during the

two past decades. In 1950, as well as in 1967, 59 per cent of the population was living in the subsistence sector (75 per cent in sub-Saharan countries), although of course all such calculations must be taken as orders of magnitude because of basic data problems.

31. The attained growth rates have proved to be too low to stimulate the transformation of the traditional sector and to achieve true development, as distinguished from mere economic growth. Possibly even the higher rates of growth, proposed during the Second Development Decade (i.e., 6 per cent per annum) will not quite produce and accelerate development, in the larger sense of the term.

32. In view of the constraints faced by agriculture, and the somewhat limited possibilities to accelerate further the development of the mining sector, the manufacturing industries will need to expand at an annual rate of the order of 10 to 12 per cent per annum - to enable the achievement of 6 per cent per annum of overall growth rate laid down for the Second Development Decade.

33. Such development of manufacturing industries implies an investment in it during the Second Development Decade of the order of US\$23,000 to 32,000 millions (Table I in paper CMI/INR/SP/3; OAU/CMI/W/3) - in terms of net fixed capital formation. This might be compared with the investment of US\$7,000 millions in the 1960s and US\$3,000 millions in the 1950s in the manufacturing industries.

34. Two decades after the United Nations initiated efforts to promote development of the under-developed areas of the world the problems of domestic resources are far from being solved. The tendency to turn to foreign aid as a panacea in this area of resources is very disquieting, for it raises an auxiliary tool to the status of a substitute for the main efforts which is in the field of generating domestic resources.

35. Efforts at mobilization of domestic resources have been strenuous but the results have been disappointing. In many countries the saving ratio has actually declined and the balance-of-payments position on current account has deteriorated.

36. It was argued by the representative of the secretariat that structural pluralism, which characterizes most African economies, should be regarded as the major cause of the resource-related difficulties.

37. The notion of pluralism, as used in the secretariat studies, implies two types of co-existent duality; (a) the simultaneous existence of a monetized economy and a large subsistence sector; and (b) the division of the economy into an indigenous (or national) sector and a non-African sector which, in many senses, is equivalent to a "foreign enclave".

38. This pluralism is reflected in a highly skewed (in favour of the foreign enclave particularly) income distribution and gets reflected in a massive concentration of savings in the "foreign enclave". The latter, in a paradox, con-exists with vast transfers abroad by the foreign enclave thus turning the "foreign enclave" into a net client with demands on the nationally-generated indigenous resources. When the inflow of external aid is taken into account simultaneously, the economy as a whole is seen to become far more dependent on all foreign sources for investment than its own initial savings pattern would suggest.

39. In the discussion that followed, delegations focussed attention on the following items:

- (a) In dealing and/or negotiating with governments of advanced countries, international institutions, multinational corporations and other private firms, including suppliers of capital equipment, the difficulties arise mainly out of lack of skilled negotiators on the African side as well as the weakness of the bargaining position of an individual African country, sometimes accentuated by lack of intra-African co-operation in this respect. One suggestion asked for UN expert assistance, especially in cases of litigation with foreign enterprises arising from misbehaviour toward the host country. Scepticism was also expressed by one delegation about the impartiality of international financial institutions in their dealings with developing countries.
- (b) The problems of controlling transfers abroad as well as of conducting the desired monetary policy in the context of membership of a specific currency zone were also voiced.
- (c) Disappointment with the volume of foreign capital flows received was expressed. And concern was voiced at the debt servicing implications of foreign aid already received. It was widely recognized that aid flows were not free from political and economic strings.

- (d) The discussion on the mobilization of domestic savings of the indigenous population was concerned with the general incapacity of the majority of workers to save owing to the paucity of earnings, the inadequacy of the machinery for collection and the problems in channelling savings into desirable investments instead of additional consumption. Inadequacies in the institutional set-up of financial and related institutions were pointed out both from the viewpoint of their savings collecting capacity as well as funds deployment ability.
- (e) Tax structures inherited from colonial administrations are not designed to serve the purpose of economic growth, development and equity. The efficiency of the fiscal apparatus leaves much to be desired, and tax evasion was seen as a widespread phenomenon.
- (f) It was stated that there are barriers in Africa which prevent the mobility of capital sometimes even within the framework of existing inter-country arrangements.
- (g) The damage suffered by countries because of widespread smuggling of goods, often immediately after the establishment of an industrial facility, was noted.
- (h) The conference appreciated the effort of the ECA secretariat in preparing and presenting the analytical framework supported by statistical evidence. Several additional arguments and hypotheses were also put forth.
- (i) Problems related to the mobilization of resources for development, and particularly for industrialization, must be primarily resolved by the African countries themselves. Capital flows under official auspices and foreign private investment should be regarded only as auxiliary tools to be used to generate the growth of domestic resources.
- (j) Particular and repeated emphasis was laid on the need for a co-ordinated effort in increasing the prices of African mineral exports. This, it was suggested, should be supplemented by active steps to increase the degree of processing in

African mineral exports and the setting up of user industries and an Institute of Mining and other organizations for promoting co-operation between the exporters of mineral products in developing Africa and other less developed countries.

- (k) The lowering of tariff restrictions against exports of manufactured goods from developing countries granted recently by the developed countries was useful. However, it was felt that the almost simultaneous increase of shipping freight rates to European ports while rates for traffic to African ports remained unchanged was regarded as a definite hindrance.
- (l) The acute dearth of "bankable" industrial projects was raised by several delegations, both in context of the market size constraint and the need for a co-operative, multinational orientation to the planning of industrialization.
- (m) The importance of increasing the degree of upgrading exports and transformation of African raw materials was stressed. This calls for development of heavy (mainly metallurgical) industries, chemical and petrochemical industries, and export-oriented agro-allied industries, to increase the share of value added in exports.
- (n) The lack of investment opportunities open to the indigenous population was recognized as a serious disincentive for an increased saving effort by this group of population.
- (o) Several delegations urged co-operation among African countries in mobilizing and efficiently deploying financial resources, particularly for industrial development. It was argued that economic and political links with the former colonial rulers discouraged, systematically and otherwise, the efforts at effective marshalling of resources on an intra-African basis.
- (p) The importance of the improvement of the organized capital market and the eventual liquidation of the unorganized market was accepted. It was widely felt that additional financial and related institutions, general and specialized in their functions, were required in almost all countries.

- (q) It was pointed out that the frequently observed overemphasis on foreign private investment in industry has led to a situation in which the most profitable, and most easy projects are often first taken up by foreign investors whereas indigenous investors, if any, and the public sector are left to cope with more difficult and possibly less profitable projects with longer gestation periods.
- (r) In view of the need for re-designing tax structures in African countries to make them growth and development oriented, the ECA secretariat was called upon to embark on studies in this field, with particular emphasis on the impact of proposed system on resource mobilization, the need to curb undesirable investments and the need to regulate extravagant consumption.
- (s) The importance of development-oriented monetary policies was stressed by several delegations. The ECA secretariat was requested to embark on in-depth studies in this field, with particular emphasis on the problems created by currency overvaluation and the relationship between liberal exchange control practices and economic growth.
- (t) In one connected view, the following propositions were made:
- (i) Africa is in need of both quantitative and qualitative changes. The latter tend to be either overlooked or are otherwise neglected. The government machinery inherited from colonial regimes is in need of restructuring to be able to cope with problems of development;
  - (ii) The African entrepreneurial class was characterized as weak, lacking in entrepreneurial abilities and dynamism. It does not dispose of substantial resources, and is largely accustomed to serve foreign interests. It is incapable of being an effective agent of change;
  - (iii) The liberation of the worker and the peasant, and his direct involvement in developmental activities should be regarded as the problem of mobilizing the people at large for development;

- (iv) It is possible to have economic growth without development. And Africa should vote for development, even if it involves a temporary sacrifice of economic growth; and
- (v) Multinational corporations, politically strong in their home countries, pose economic and political dangers to developing countries.

Technical Assistance requirements in the 1970s

40. A representative of the ECA secretariat introduced the above subject on the basis of document CMI/INR/SP/4, OAU/CMI/W/4, entitled: Technical Assistance Requirements in the 1970s.

41. There was considerable agreement that notwithstanding the high standards of general performance set by technical assistance personnel from UNIDO, ECA and other UN groups, there was a certain amount of unsatisfactory performance arising from inadequacies in qualifications, general or irrelevant experience, lack of facility with language of country of assignment, and undue concern on the part of experts with privileges and perquisites. In some cases, advanced age precluded the physical rigour in a job involving movement to and from the countryside. Some experts did not give first loyalty, it was felt, to the country of assignment.

42. The technical assistance programmes, under UN auspices, it was argued, were sometimes expensive from the recipient country's point of view compared to direct recruitment costs of similarly qualified personnel from neighbouring countries or elsewhere. Again, it was asserted that delays in recruitment by the supplier agency not only frustrated certain projects but compelled the recipient country to accept an expert with lower (or different) qualifications and experience than stipulated for in the first place.

43. The consensus was that the industrial needs, policies and goals arising from the Second Development Decade were of such scale that a considerable enlargement of the technical assistance effort on the part of all UN agencies, including the ECA, will be required in the 1970s. However, a feeling was expressed that expertise derived from direct experience in developing countries both inside and outside Africa had greater relevance to the conditions in developing Africa and should be tapped on a priority basis.



44. The widespread feeling was that technical assistance efforts in the past had overconcentrated on the provision of experts and more or less neglected assistance in the creation of technical and business training institutions and the provision of teaching staff for them.

45. It was suggested that the ECA secretariat should be afforded substantial, additional resources in order to expand its work in the field of industry.

46. Demands were made in favour of a higher proportion of the technical assistance funds in the world at large, and the UN system in particular, flowing to Africa.

47. The following list of areas of emphasis and objectives during the 1970s was endorsed. It was recognized however that conditions will often vary between countries, and no order of precedence necessarily attaches to the sequence of presentation below.

- (i) Assistance will be needed in the strengthening and creation of institutional arrangements, inter alia, in the following categories:

Educational institutions

- (a) Technical, general;
- (b) Technical, specific industrial specialities;
- (c) Business courses, normal commercial services;
- (d) Business courses, under-graduate and post-graduate levels; and
- (e) Fellowships and trainee facilities, particularly reinforcing the proportion available in third countries and in other developing countries in Africa.

Other educational facilities

- (a) Assistance in the organization of in-plant training facilities; apprenticeship programmes within a specific country and among its neighbours; and

Laboratory facilities for commercial and industrial testing.

Government departments and official development corporations

will need to be serviced on specific request. One major area likely to come up for consideration in several countries is the establishment of machinery for assessing, monitoring, and controlling the amounts and nature of tariff and other protection measures.

- (ii) The supply trades directed to industrial requirements for plant operation are almost wholly with foreign private groups. Further, these are often wholly operated from outside Africa. A substantial amendment of the situation in favour of location within Africa will probably call for inter-country co-operation, but should be highly productive of economies in operational costs, in any case.
- (iii) The process of Africanization of the industrial cadres requires specific country-wise assessment of the possibilities of utilizing a multi-firm approach, among others, to achieve a minimal relative level of expatriate participation in day-to-day operation of plants. Further, there is a need for (a) assessing the utilization of expatriates in the construction of factories and the erection and installation of machinery and (b) for evolving policies and programmes which will place the problem in a national, as distinguished from the current individual plant-wise, perspective.
- (iv) Assistance, ideally only on a supplemental basis, is required in the design of approaches relevant to the creation of African, private ownership-cum-entrepreneurship of industrial enterprises on a substantial scale. This, in the African context, is usually a problem quite distinct from the general tools for small-scale industrial promotion programmes of various kinds, which are also required. The latter should, whenever relevant, additionally direct specific attention to sub-contracting facilities.
- (v) The capacity of all types of public technical assistance agencies, bilateral and multilateral, to effect a quick response to a

specific skill requirement for a short period has always been limited. The likely industrial growth of the 1970s will make dramatically increased demands on this aspect, and the possible methods of responding adequately and expeditiously need to be worked out at an early stage at the country level.

(vi) Inasmuch as multinational industrial opportunities will become more vitally relevant in the course of the 1970s - the developments in internal surface transport facilities should be a major additional impetus, among others - assistance should be readily made available, on request, to groups of countries under simplified procedures.

(vii) The creation of vital, business-oriented, Africa-based consultancy firms will need an initial push forward from non-business sources of technical assistance.

(viii) Export-oriented manufacturing industries especially in non-traditional lines will need help in acquiring sharply market-oriented as distinguished from general economic information, and in several areas, ranging from operation of plants to the evolution of effective export procedures. Technical assistance from multilateral agencies in this area will need to have a sharp product focus rather than broad policy prescriptions which get loosely paraphrased among so many developing countries.

(ix) With the growth of per caput GDP, a major problem will emerge in particular countries of defending their large handicraft sectors producing mass consumption goods such as textiles against the indiscriminate growth of modern industry. Whereas the extent of defence is obviously an issue of overall national policy, solutions will often have fiscal, administrative as well as technical aspects, which need to be foreseen and assessed for relative efficacy within the context of specific national goals.

- (x) The current industrial scene in developing Africa is characterized, varyingly between countries, industries, individual plants and over time, by high capital costs and high unit costs of production. The reasons are diverse and do not need to be re-stated here. But the increased efficiency of industrialization, under both categories of costs mentioned above, is an obvious source of productive endeavour to be organized partly at the plant level, partly at the industry level, and partly at the country level.
- (xi) The adaptations of techniques of production and management which promote the maximum use of unskilled labour involve questions over a wide range - the relative supply and costs of various categories of personnel, overall wage and salary trends within the economy, and national approaches to rural-urban income differentials, among others. Labour-intensive solutions to the problems need to be tested out in pilot projects and fully evaluated under the varying conditions prevalent in different parts of developing Africa, being allowed the role of general policy prescriptions.
- (xii) Likewise, the programmes of rural industrialization or overall rural development (with a large industrial component) need to be fully tested out on the basis of pilot projects organized in different parts of developing Africa. This primarily pertains to attempts at creating full-fledged modern industry agglomerations in a rural environment.
- (xiii) On the record, African investors in the private and public sectors often have experienced an extremely weak negotiating position with overseas suppliers of plant and machinery. A considerable part of this weakness proceeds from ignorance on the part of the would-be investors. A small, hard-nosed team of experts overseeing African investment in the major lines in which medium and small plants are numerous - textiles, food processing and clothing to quote a few examples - and assisting in negotiations on request, could be expected to make a valuable contribution in indicating some of the ways to a more rational utilization of investment resources in African industrialization.

- (xiv) The volume of technical assistance requirements in the formulation of well-prepared projects needs to be stepped up, and the need seems to be for an urgent response.
- (xv) Given the complexity of industrial management, the wide range of industrial products and by-products, the possibilities of backward and forward linkages, the possibilities of product-substitution and process inter-changeability and the possibility of finding markets around the world, the challenges of and the opportunities for technical assistance will necessarily arise within the framework of anticipatory programming as well as outside of it. The framework of programmed anticipations is indeed essential, but it would perhaps fulfil its purposes best when it can also respond to the unpredicted challenge and to the unpredictable opportunity.

The Special Conference of UNIDO

48. A representative of the OAU secretariat introduced the following documents:

- (i) The role of OAU in African industrialization (CMI/INR/WP/8, OAU/CMI/8)
- (ii) Co-operation between UNIDO and ECA in promoting industrial development in Africa (E/CN.14/L.387)
- (iii) Special measures in favour of the least developed among the developing countries: historical note (E/CN.14/INR/190, E/CN.14/INR/190 Corr.1)
- (iv) Special International Conference of the United Nations Industrial Development Organization (INR/INF 3)
- (v) Work of UNIDO under the Second Development Decade in Africa (INR/INF 4)
- (vi) UNIDO field operations in Africa (INR/INF 5)

49. In his introductory remarks the representative of the OAU secretariat pointed out that the forthcoming Special Conference of UNIDO has the following substantive items on its agenda:

- Long-range strategy and orientation of UNIDO's activities including the organization's role in the Second Development Decade and the transfer and adaptation of technology for the industrial development of the developing countries;
- The organizational structure of UNIDO; and
- Questions relating to UNIDO's financing.

50. It was suggested that the delegates could attempt to harmonize their views in order to arrive at a unified African stand to be stressed by African delegates attending the Special Conference.

51. In the discussion that followed delegates noted the overriding need for evolving a united programme of UN activities in the industrialization field. It was observed that UNIDO had so far played a small role in Africa; its programmes have tended to concentrate in the more developed parts of the developing world. Measures should be designed for Africa to redress the past imbalance.

52. It was pointed out that many of the recommendations would have the effect of requiring a redistribution of the principles of sharing UNDP funds to direct a larger part to industrialization through UNIDO. While the majority of delegations endorsed this as an appropriate shift of emphasis, some delegations questioned the opportuneness of the suggested shift at this time.

53. Several delegations expressed support of the SIS programme because of its flexibility in meeting the urgent needs of countries for assistance. It was strongly felt that this avenue of assistance should be greatly expanded. Nevertheless, it was noted that steps to expedite recruiting for the SIS programme should be taken.

54. It was urged that UNIDO should be enabled to expand its role in assisting governments, on request, in the whole field of industrialization. Particular emphasis was required in the following areas:

- the design of projects;
- the marketing of projects;
- small-scale and rural industries; and
- assistance in securing foreign industrial finance.

In particular, delegates called for expanded UNIDO activity in the following areas:

- documentation centres;
- technology transfer;
- assistance in locating qualified consulting assistance;
- specific assistance in the establishment of basic industries;
- assistance in the establishment of pilot plants;
- expansion of activities to cover mining;
- training programmes at all levels of manpower;
- relevant aspects of industrial property and licensing requirements; and
- direct financing of industrial plants.

55. Delegates stressed the need for increasing resources to UNIDO so as to enable it to provide greater assistance to developing countries. That would reflect the priority attached to industrialization by African countries. On the other hand it was also pointed out that the recommendation for increasing the share of UNDP resources to UNIDO would need to be examined within the overall requirements of all the agencies of the UN system of organizations. With regard to decentralization, it was cautioned that it might spread thin the activities of UNIDO and consequently reduce its effectiveness. UNIDO should also pay special attention to African inter-governmental organizations and their requirements.

56. Several delegates stressed that UNIDO and other UN agencies should tailor their activities to the priority needs of African countries. That was the means by which resources could be effectively utilized and by which UNIDO could best serve African countries. The financial and technical assistance needs identified in the course of the deliberations of the present conference could provide useful guidelines.

57. The main approaches to the Special Conference of UNIDO specifically, and UNIDO generally, were also stated as the collective position of two groups of countries.

Concluding Session

58. At its final session, the conference adopted after amendments, the draft report; presented by the Rapporteur; the Declaration on Industrialization in the 1970s (for text see chapter III); and the Resolution on the Special Conference of UNIDO (for text see chapter IV).

59. After votes of thanks were proposed to the secretariats of the ECA and OAU and to the Chairman, the conference closed with a speech by the Chairman, H.E. Mr. Yilma Deressa, Minister of Commerce, Industry and Tourism of Ethiopia.



DECLARATION ON INDUSTRIALIZATION IN THE 1970S

The ECA/OAU Conference of Ministers of Industry adopted the following Declaration on Industrialization in the 1970s. The text of the Declaration, comprising a Preamble and a Programme of Action, is as follows:

ADDIS ABABA DECLARATION ON  
INDUSTRIAL DEVELOPMENT IN AFRICA IN THE 1970S.

I. PREAMBLE

We, Ministers of Industry, meeting in the city of Addis Ababa, Ethiopia from 3 to 7 May 1971,

Having assessed, reviewed and critically examined the policies pursued and performance in the 1960s,

Aware that our industrial expansion in the 1960s has primarily been based on imported technology, skills and intermediate inputs,

Conscious of the economic and political disadvantages of small unco-ordinated national markets and weak unrelated national economies in meeting the challenge of industrial growth,

1. Accept the framework specified in the African Strategy for Development in the 1970s and recognize that the attainment of the target set by the International Strategy for the UN Second Development Decade for industrial development will depend critically on the effectiveness of the policies that we formulate and pursue individually and collectively;

2. Assert the complete sovereignty of each state over all forms of natural resources located within its territorial limits;

3. Further recognize that the main responsibility for our industrial development falls on ourselves but that nonetheless external assistance has an important contribution to make;

4. Reaffirm our faith in industrialization as a strategic element in the structural transformation of African economies;

5. Decide to pursue deliberate and coherent national policies and to concert our actions to achieve these objectives through the maximum possible domestic processing of our natural resources; fostering exports of manufactures; expanding non-agricultural activities in the rural areas and strengthening the link between agriculture and industry; promoting the domestic entrepreneurial base in the private and public sectors; and developing technological capabilities;

6. Further decide to concert action that will lead to a fundamental reformulation of international economic relationships and to the creation of new forms of international industrial co-operation that will promote equitable sharing of benefits;

7. Request the Administrative Secretary-General of the OAU and the Executive Secretary of the ECA to convene similar conferences every two years during the Decade in order to review progress towards achieving targets set for the Second Development Decade; to evaluate other aspects of performance; and to recommend policies and action for sustaining industrial growth;

8. Declare that the programme of action for the 1970s outlined below represents the collective position of African countries; specifies the means for achieving industrialization; embodies our determination to achieve the economic transformation of Africa to secure a widespread improvement in the standards of living; and provides the criteria and guidelines for the efficient use of national and international resources.

## II. PROGRAMME OF ACTION

### 1. Domestic finance for industrial development

The manufacturing sector in developing Africa absorbed investment of the order of US\$3,000 million in the 1950s and more than US\$7,000 million in the 1960s. Industrial growth targets for the Second Development Decade will call for investment three to four times as large as that for the 1960s, namely US\$23,000 to 32,000 million.

To respond to the challenge of finding these resources, member States would need to take action to remedy the following:

- (a) Low levels of personal savings;
- (b) Ineffective mobilization and use of savings;
- (c) Small and inadequately organized capital markets;
- (d) Excessive capital outflows and other remittances;
- (e) Inadequate levels and husbanding of export earnings.

In particular countries should urgently endeavour to achieve (i) a fair increase in the prices of their mineral exports in consonance with the prices of finished products based on these materials in the advanced countries of the world; (ii) an increase in the degree of processing associated with their mineral exports; (iii) a substantial export-oriented enlargement of industries in which these mineral exports constitute the basis raw materials; and (iv) set up an African institute of mining devoted to the early attainment of the preceding objectives.

Further, member States should place special emphasis on the development of their heavy (mainly metallurgical) industries, chemical and petrochemical industries, and export-oriented agro-allied industries, to increase the share of value added in exports.

### 2. Relatively high installation and running costs

On the evidence of the 1960s, the investment required to set up an industrial plant of given size, technology and product structure in developing Africa was from 35 to 300 per cent higher than that needed in Western Europe and some Asian countries. This meant that action had to be taken to:

- (a) Reduce the cost of construction;
- (b) Minimize expatriate involvement in installation;
- (c) Reduce internal transport costs; and
- (d) Liberalize the present system of tied financing.

Running costs in Africa in the 1960s were also relatively high.

Reduction of such costs requires:

- (a) A decrease in the relative dependence on imported raw materials;
- (b) Measures to overcome the constraints of small markets and the consequent lack of opportunity to exploit economies of scale;
- (c) Reduction in the high, scarcity-induced, inventories;
- (d) A reduction in internal transport costs;
- (e) A closer relationship between wages and productivity;
- (f) Measures to increase inter-relationships among different industries in order to promote external economies;
- (g) Measures to reduce sizably the current, large-scale reliance on expatriates in the day-to-day operations of industrial plants;
- (h) Training facilities and apprenticeship schemes; and
- (i) Formulation of ways and means to check the overinvoicing of imported machinery and equipment.

### 3. Foreign private investment

The effective fulfilment of the supplemental role of foreign private investment in the 1970s requires that:

- (a) Foreign investors are guided in the preparation and execution of projects;
- (b) The training of indigenous personnel by part of any contract concerning foreign participation in African industrial development; and
- (c) Appropriate measures are taken to control the distortion of consumption patterns and maldistribution of incomes among individuals and regions within a country; and to develop measures to control environmental pollution.

### 4. Industrialization and employment

In view of the dramatic rise of the population in the employable age groups, the countries of developing Africa should explore all positive means for increasing employment and adopt regulatory measures to reduce the number of expatriates in replaceable categories. Such increase in

employment opportunities, inter alia, should be sought in:

- (a) Promotion of industry not excluding cottage and small-scale industries;
- (b) Non-agricultural activities in the rural areas;
- (c) Mobilization of under-utilized manpower for such infrastructural projects as dams, drainage, roads, water supply and irrigation;
- (d) Improvement of rural amenities; and
- (e) Research for the use of labour-intensive technologies.

It is not anticipated that the activities listed above would wholly absorb the probable increase in labour supply. Member States therefore should seek at the same time all possible means of increasing employment in the urban areas.

#### 5. Self-reliance

In the 1960s, African industrialization tended to rely excessively on expatriate equity shareholding, management and skills. In these circumstances, the weaknesses of African industrialization were in a large measure the consequence of this alien decision taking. To ensure African self-reliance in the 1970s there should be:

- (a) Recognition of the fact that external economic assistance is not free from economic and political strings;
- (b) Training schemes to ensure the indigenous supply of operatives, intermediate personnel, high executive and technical staff;
- (c) Encouragement of African ownership and entrepreneurship in industry within the limits of state policy;
- (d) Provision of supporting facilities such as credit, research, and technical and managerial advice to encourage African-owned enterprises;
- (e) Full utilization of the State initiative and resources to secure a significant national stake in industry and the economy as a whole; and
- (f) Encouragement of indigenous consultancy and contract service firms.

RESOLUTION ON THE SPECIAL INTERNATIONAL  
CONFERENCE OF UNIDO

The conference adopted the following resolution:

The ECA/OAU Conference of Ministers of Industry, meeting in Addis Ababa from 3 - 7 May 1971;

Having examined financial and technical assistance requirements for African industrialization in the 1970s,

Noting the magnitude of the task facing African countries in mobilizing the required resources,

Further noting the important role that could be played by the UN systems of organizations in marshalling and channelling multilateral and bilateral aid for industrial development,

Appreciative of the creation of UNIDO by General Assembly resolution 2152(XXI) for the purpose of promoting industrialization in the developing countries and co-ordinating the activities of the UN system of organizations,

Cognizant of the actions taken thus far by UNIDO and ECA in developing inter-secretariat co-operation,

1. Urges that efforts be intensified by the two secretariats in evolving and ultimately establishing a unified programme of action of the UN in Africa so that a fuller and effective utilization of resources would be assured;

2. Calls upon bilateral and multilateral aid donors to increase their assistance to industrial development in light of the high priority placed on industrialization by African countries;

3. Further calls upon the UNDP to earmark a greater share of its resources to projects and programmes that would speed-up African industrialization;

4. Urges African countries to be represented at the highest possible policy making level in matters of industrial development at the Special International Conference of UNIDO to be held in Vienna from 1-8 June 1971;

5. Further urges that UNIDO's activities during the Second Development Decade assume a more operational and promotional character and be directed particularly to fields in which the multiplier effect will have a greater impact on other development sectors in African countries; and that UNIDO should intensify its role in the following areas: training of the administrative and executive staff of industrial enterprises; assisting the development of African capacity in export of manufactures; promoting the transfer and adaptation of modern industrial technology and know-how; establishing national industrial research and development centres; fostering exchange of industrial information; providing assistance in locating sources of industrial expertise;

6. Calls upon member States to be guided by the recommendations on financial and technical assistance endorsed by the present Conference in their deliberations at the Special International Conference of UNIDO and in negotiations with other geographical groupings;

7. Requests the Executive Director of UNIDO to co-operate with ECA and OAU in the conferences on industrialization in Africa which they have been called upon to organize periodically through the decade for the purpose of evaluating policies, performance and progress with the object of sustaining industrialization and ensuring the fulfilment of targets set for the manufacturing sector.

STATEMENT BY MR. DIALLO TELLI  
ADMINISTRATIVE SECRETARY-GENERAL OF OAU  
AT THE OPENING MEETING OF THE CONFERENCE OF  
MINISTERS OF INDUSTRY

(Addis Ababa, 3 - 8 May 1971)

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STATEMENT BY MR. DIALLO TELLI  
ADMINISTRATIVE SECRETARY-GENERAL OF OAU  
AT THE OPENING MEETING OF THE CONFERENCE OF  
MINISTERS OF INDUSTRY

(Addis Ababa, 3 - 8 May 1971)

Honourable Ministers,  
The Executive Secretary,  
Ladies and Gentlemen,

This Conference which begins today enhances one of the most constructive practices of what may now be referred to as the Tradition of the Organization of African Unity. Consultations held among African leaders on the eve of important international meetings probably began before OAU was established. However, the systematic use of these preliminary meetings as a method of enabling African representatives to co-ordinate their viewpoints and thus more effectively defend the interests of Africa within the international community has been established, fostered, and rationalized in a very special sense by the political organs of OAU.

This meeting gives effect to two basic principles laid down by the Assembly of Heads of State and Government of OAU at their Seventh Session in September 1970 and enshrined in the Memorandum on the Responsibilities and Role of the Organization of African Unity in the economic and social fields which is now a well-known document. It will be recalled that this very important document was outlined by African Heads of State with a view to stating precisely their joint commitments, working methods and practical resources and their priorities at the start of the United Nations Second Development Decade.

Our meeting today is the result of the intensified co-operation between the ECA and OAU Secretariats, recommended in paragraph B - 7 of the Addis Ababa Memorandum. By agreeing to meet here we are also complying with paragraph B - 8 of the

Memorandum which stipulates that: "Within the framework of the international organizations of an economic and social character, and more especially at major meetings of the specialized agencies of the United Nations family African delegates, with the assistance of the OAU General Secretariat will constitute themselves into "African Groups" so as to consult each other and to take common African stands on the form, aims and methods of programmes executed by these institutions for the benefit of Africa."

That the institution with which we are dealing today is UNIDO, that our main concern is the examination of the present situation, problems of industrialization in Africa and that this takes place on the eve of the next extraordinary conference of UNIDO, are facts which, when taken together, confers an exceptional value on co-operation between OAU and ECA and the strengthening of the spirit and dynamism of the "African Groups"; above all, these factors are indicative of the importance attached to industrialization problems in Africa.

It has been said time and again that of all activities, industrialization is the only one which can, with the speed that the African peoples impatiently and legitimately expect, bring about an economic take-off, raise the living standard and thus guarantee real independence for the local processing of our raw materials, the production of manufactured goods for consumption, equipment and export, create other things besides material wealth and social development. Industrialization by its beneficial influence on the trade balance and on the balance of payments, ensures freedom from excessive dependence on the big powers, lessens the burden of the worsening terms of trade on our economies and, therefore a better guarantees of our political freedom as sovereign nations.

Industrialization, too, as a deliberate policy of development is still as far as Africa is concerned the area in which the laws of technology, financing and marketing doom .:

any individualistic approach to failure. If industrial ventures are undertaken in isolation merely to satisfy the laws of micro-nationalism or meet the needs of micro-markets (and this is what our States are individually) in the end they are destined to worsen our state of under-development.

We are therefore in a field of endeavour where Africa's only road to salvation is, indeed, co-operation; the field of action where every success is possible, if we can pool our raw materials, our markets, our research systems, our human resources, our planning methods. It is also the field where the wildest ambitions of today may come true tomorrow, if we can harmonize and co-ordinate our policies of negotiation and co-operation with the rest of the world, especially with the industrialized powers whose technological, technical and financial assistance, in this age of inter-dependence, is as vital as concessions to secure more efficient market organization.

This means that industrialization is and will be the sector of activities where the sound and regular application of the principles of unity, co-operation and solidarity between OAU Member States is a compelling need, not a mere wish, but a vital necessity.

Fortunately, industrialization is also the sector where, by force of circumstances, inter-State co-operation has a number of solid assets for its implementation. I should like to mention only a few which in my view, are not thought about sufficiently and are not given due weight in Africa and even more outside when the prospects and chances of African development are evaluated.

The first of these assets is the favourable set of circumstances surrounding the natural conditions in Africa: the abundance of so many raw materials which, in the past, had made possible the economic revolution of other continents, the wealth and variety of human resources, actual and

potential, the size and importance of energy resources and the dimensions of the African market when considered as an entity.

A second asset lies in the deep-seated desire of all the African peoples and governments to be ushered into the industrial era as quickly as possible. It is not an extravagant and whimsical notion as apparent in the development plans of African countries or the multiplicity of studies of an institution like ECA, but a real force capable of sparking off genuine revolutions in the global concept of African Development.

Such a force is complemented or rather balanced by a conviction which is now shared by all the peoples and all the Governments of Africa, because it has been imposed upon them by the hard logic of the modern economy. The plain fact is that practically no large-scale activity of the proportions necessary to meet standards of quality, cost of production and competition, is possible today in the restricted framework of any African State taken individually. This is the conviction that I regard as the third asset.

And I should like to take the risk of counting as the fourth asset or trump card available to intra-African co-operation in the field of industry, the recent though timid changes that have occurred in the philosophy of the big powers as regards development aid in general and assistance to Third World Countries in particular for industrial development.

I certainly have no doubt that during this meeting, as indeed at all meetings when African leaders tackle the problem of industrialization, you will bear in mind these favourable chances offered by nature and strengthened by the psychological changes that have taken place as a result of independence and African Unity. I have no doubt either that when taking stock of the past and making plans for the future, you will be able to draw from these assets new ideas and better chances of ensuring

the swift advent of the industrial era in Africa. This meticulous task which requires as much use of creative imagination and technical programming as political concessions in the interest of African solidarity, was until recently, your overriding preoccupation; and I am sure that today you will still be able to rise to the challenge it poses.

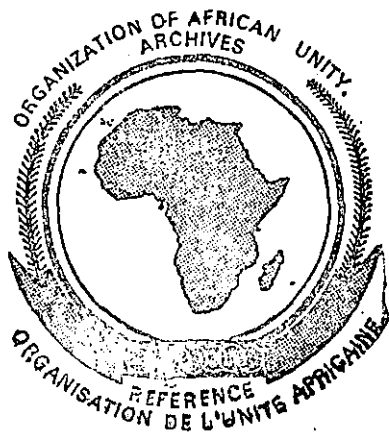
I may therefore dwell a little on the preliminaries for the extraordinary Conference of UNIDO, without giving the impression that I am neglecting or underestimating the decisive role which, if we are to succeed tomorrow, research must play in Africa within the framework of our own organizations namely, OAU, ECA, ADB and so many other multinational African groupings. This meeting on the eve of the extraordinary Conference of UNIDO, affords me the opportunity to draw attention to what I referred to a short while ago as Africa's fourth asset for the promotion of a dynamic industrialization policy. The peoples of the development world, in general and Africans, in particular, realise that their development and progress depend also on the understanding and assistance they can receive from the international community. Hence the importance we attach to relations with other countries; the interest aroused in Africa by the UN system and our desire to render increasingly effective an organization like UNIDO.

We have therefore supported the idea of an extraordinary conference of UNIDO at the beginning of the Second Development Decade, when UNCTAD is getting ready to set up a general scheme of preferences in favour of Third World countries. This exceptional set of circumstances compels us to see to it that the Vienna Conference shall be in a very real sense not just one more session of the international talking-shop where the contribution of the big powers is summed up in gratuitous tributes paid to the need and urgency of genuine solidarity among the peoples of the world. We have also a duty to act in such a way that the Vienna meeting shall not, in spite of high-sounding statements, be another opportunity to discourage by one-upmanship and financial blackmail, the faith and determination of the African peoples to develop, not in selfish isolation but in co-operation and unity.

If this is to be done, I think it is worth suggesting that this meeting should produce an African Industrialization Charter. I mean by this a realistic document which, recording the assets available, would first reaffirm the guiding lines of the common policy that we intend to follow in the vital sector of industrial co-operation. To conclude, the proposed Charter should draw up a clear list of the necessary changes that must be brought about in the next few years, in some of the components of the global policy of industrialization such as exploring the possibilities of commodity products, the financing of pre-investment studies, the conditions for financial and technical assistance to small, middle and large-scale industries, assistance in training qualified staff at all levels and market organization.

This is by no means an exhaustive list; for I have great confidence that once again, the wisdom and desire for the common good of Africa in all of you who have come from such a long way to discuss the destiny of Africa, will complement the modest basic contribution made through the concerted action of the ECA and OAU Secretariats.

This is my most ardent wish at the start of your deliberations; for I know that from the fulfilment of this wish the African peoples have great expectations regarding the advent on this continent of which has always been and remains, more than ever, one of the fundamental objectives of OAU.



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# Report on the ECA/OAU conference of Ministers of Industry held in Addis Ababa, from 3 to 8 May 1971

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